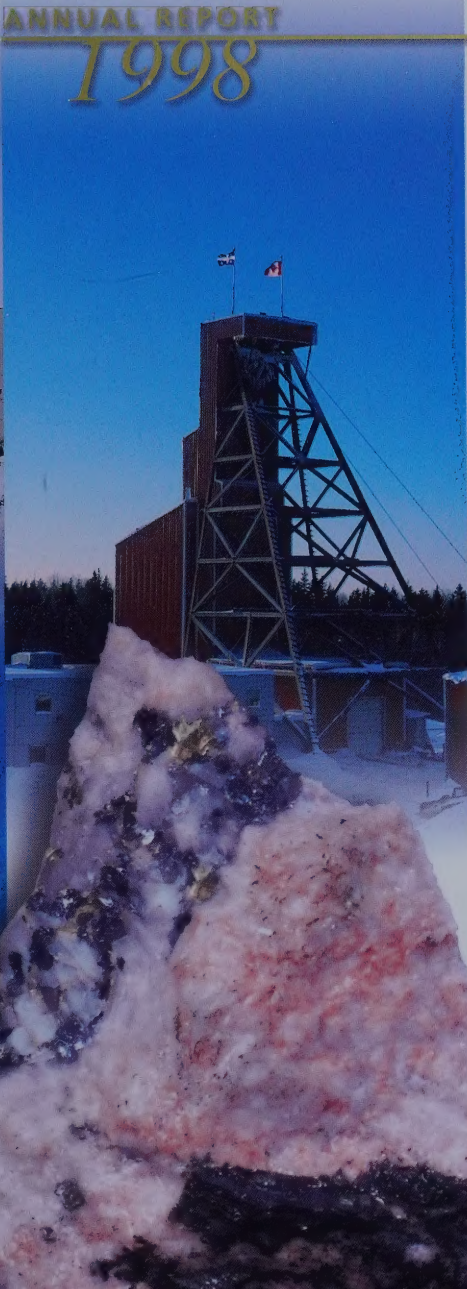
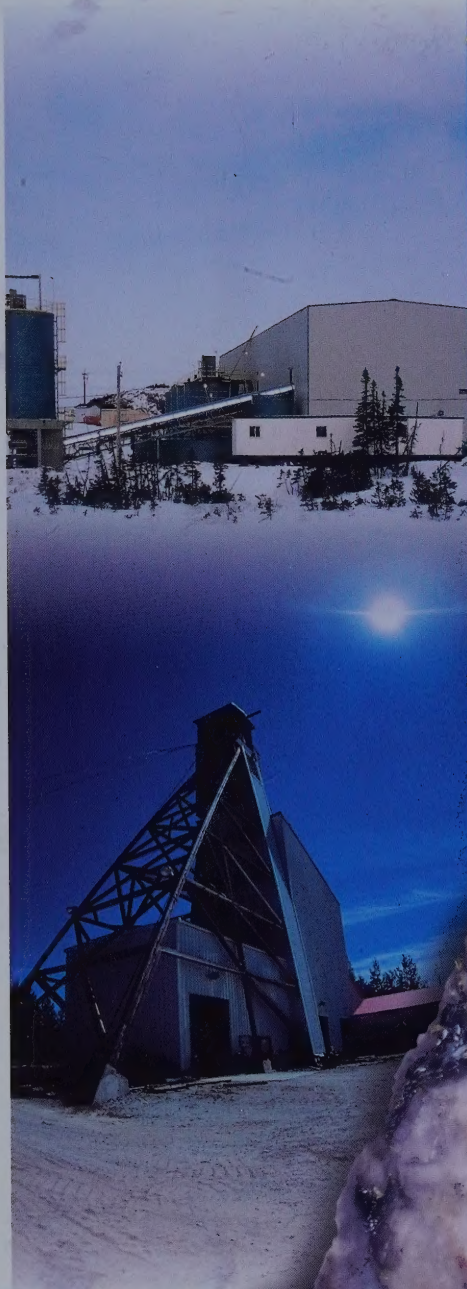


1998 1998
1998

AR56

ANNUAL REPORT

1998



*A growing,
low-cost
gold producer*



RICHMONT

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Auditors

KPMG LLP

Stock Exchange Listings (RIC)

Montreal Exchange (ME)
 Toronto Stock Exchange (TSE)
 American Stock Exchange (AMEX)

Internet Access

Web site: www.richmont-mines.com
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Annual meeting of shareholders

The annual meeting of shareholders will be held on **Wednesday, May 12, 1999 at 11:00 a.m.**, at the Hilton Montreal Bonaventure, Le Portage room, 1 Place Bonaventure, Montreal, Quebec, H5A 1E4, CANADA.

***Un exemplaire français du présent rapport
 annuel est disponible sur demande :***

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PROFILE

Richmont Mines is a growing gold producer with mining properties in operation in two Canadian provinces: Quebec and Newfoundland. It has an outstanding record of operational and financial success following the judicious acquisition and efficient development of sound projects. Over the years, the Company has succeeded in building a solid team with excellent project assessment and gold mining capabilities. Thanks to its strong financial position, Richmont Mines is continuing its active search for new projects in pursuit of its objective of becoming a profitable intermediate-size gold producer.

1 9 9 8

HIGHLIGHTS

- Net profit for the seventh consecutive year: \$3.9 million or \$0.25 per share
- Production up 33% to a record of 97,100 ounces of gold
- Cash cost down 15%: from US\$218 per ounce in 1997 to US\$185 per ounce in 1998
- Record cash flow from operations: \$16.9 million or \$1.08 per share
- Long-term debt fully paid off: \$10,396,850

	1998	1997	1996
Results (millions of CAN\$)			
Total revenues	47.8	38.7	20.1
Net earnings	3.9	2.4	2.9
Cash flow from operations	16.9	10.2	6.7
Results per share (in CAN\$)			
Net earnings	0.25	0.16	0.20
Cash flow from operations	1.08	0.68	0.46
Financial position (millions of CAN\$)			
Total assets	58.2	64.4	55.4
Cash and equivalents	13.0	12.3	11.8
Long-term debt	—	10.0	9.6
Shareholders' equity	46.6	43.2	38.2
Gold production (ounces)			
	97,100	72,800	30,100
Total reserves (ounces)			
	587,000	594,500	519,500

PRESIDENT'S MESSAGE

Seven consecutive
profitable years for
Richmont Mines



Because of the continued melt-down of gold prices on world markets, 1998 was another very difficult year for the gold industry.

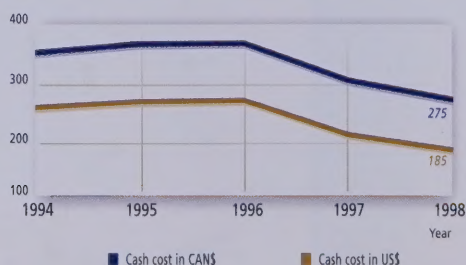
Despite this, Richmont Mines posted a profit for the seventh straight year. Net earnings for 1998 amounted to \$3,860,070, or \$0.25 per share, compared to \$2,370,046, or \$0.16 per share, in 1997. Cash flow from operations reached a record \$16,851,925, or \$1.08 per share, in 1998, up an impressive 65% from the 1997 results of \$10,220,643, or \$0.68 per share. These improved results were generated by production increases and lower production costs. The Company's average cash cost was down 15%, from US\$218 per ounce in 1997 to US\$185 per ounce in 1998. In the current situation, although our production costs are already below the industry

average, we believe we can maintain this downward trend.

The year 1998 marked the first full year of operations at the Nugget Pond Mine. It produced a total of 44,000 ounces of gold at an average cash cost of US\$144 per ounce. During its first nine months of production in 1997, it mined 34,800 ounces of gold at an average cash cost of US\$149 per ounce. Given the fact that the ore mined in 1998 graded 15% lower than in 1997, holding the line on operating costs was a remarkable achievement. In 1999, with better ore grades, production should reach 47,000 ounces of gold at a cash cost of US\$140 per ounce.

This year, the Francoeur Mine produced 32,500 ounces of gold, a 12% increase over the 29,000 ounces produced in 1997. At US\$219 per ounce, the cash cost was down 20% from the previous year's figure of US\$273 per ounce. This substantial drop was attributable to the introduction of a cost rationalization program and an increase in the number of ounces of gold produced. The 1999 forecast for gold production at the Francoeur Mine stands at 27,000 ounces at a cash cost of US\$235 per ounce. With the start of major work for the development of Zone 7, which was discovered in 1997, it

Cash cost per ounce



should be possible to maintain production costs at these levels in the foreseeable future.

Since July 1, 1997, the results of Louvem Mines Inc. (of which Richmond holds 69.3%) have been consolidated with those of Richmond Mines. In 1998, a total of 20,600 ounces of gold at a cash cost of US\$223 per ounce, representing the 50% interest Louvem holds in the Beaufor Mine, was added to Richmond's production, compared to 9,000 ounces of gold at a cash cost of US\$307 per ounce the previous year. In 1999, production is expected to reach 21,000 ounces of gold at a cash cost of US\$242 per ounce.

For the year ended December 31, 1998, Richmond Mines posted a record total production of 97,100 ounces of gold, a 33% increase over the 72,800 ounces produced in 1997. Average cash costs were down 15%, from US\$218 in 1997 to US\$185 per ounce in 1998. Production levels in 1999 should be similar, reaching 95,000 ounces of gold at an average cash cost of US\$190.

The Camflo Mill also processed a record 362,000 tons of ore, up from 343,000 tons in 1997. The ore comes from the Francoeur and Beaufor mines and from other custom milling clients. Forecasts indicate that in 1999, the Camflo Mill should maintain production at a level of over 350,000 tons.

In September 1996, Richmond Mines borrowed US\$9,000,000 to finance part of the \$27,000,000 investment to purchase, build, develop and start production at the Nugget Pond Mine. In 1998, the Company decided to pay off its total long-term debt of \$10,396,850; the final early repayment

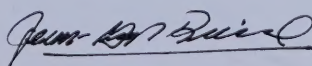
was made on December 21, 1998. This decision will help Richmond Mines contain its financial costs during this difficult period for the mining industry. Even after this debt repayment, the Company's cash and equivalents position stood at \$13,000,000 as at December 31, 1998.

During 1998, Richmond Mines evaluated several gold projects but was not able to conclude any deals that would have been in the Company's best, long-term interests. We are looking for a solid future that will give our loyal, patient shareholders fair market value for their investments in Richmond Mines. We realize this goal is one of our responsibilities as managers, and it is one of the reasons why, despite the present situation, we are continuing our active search for new, profitable gold projects.

In closing, I wish to express my appreciation to the members of the Board of Directors for their involvement in the Company.

I particularly wish to thank all the employees of Richmond Mines whose dynamism and know-how contribute, day in and day out, to achieving the Company's objectives. There is no question that without the support of each and every one of them, Richmond Mines could never have achieved the results that it has today.

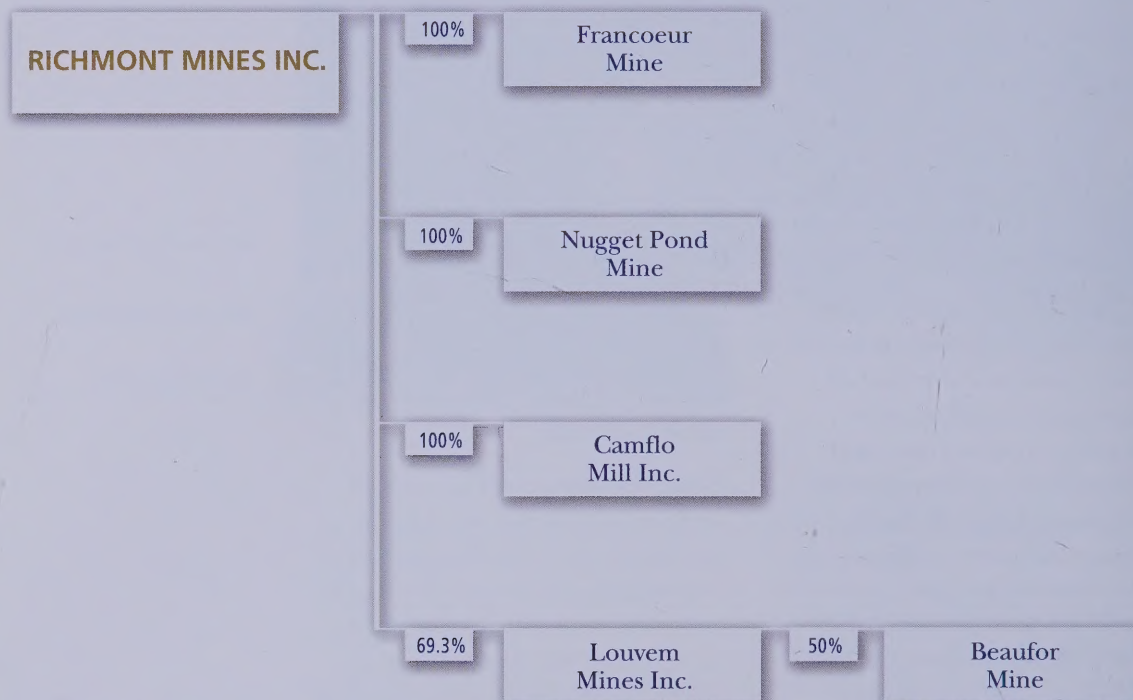
President and Chief Executive Officer



Jean-Guy Rivard
February 23, 1999

CORPORATE

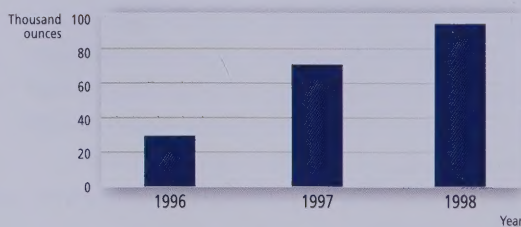
STRUCTURE



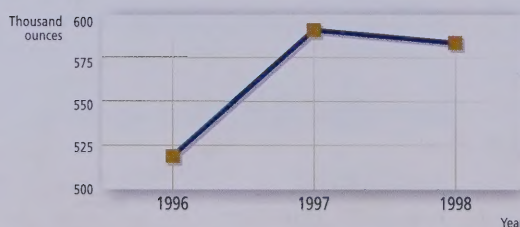
PRODUCTION

PROFILE

Total gold production



Total gold reserves



LOCATION

M A P S



GENERAL GOLD RESERVE COMPILATION

	Proven and probable			Possible			Total		
	tons	grade	ounces	tons	grade	ounces	tons	grade	ounces
Francoeur Mine									
1998	868,000	0.19	161,000	722,000	0.19	137,000	1,590,000	0.19	298,000
1997	1,004,000	0.19	190,000	717,000	0.20	140,000	1,721,000	0.19	330,000
Nugget Pond Mine									
1998	351,000	0.34	120,000	17,000	0.21	3,500	368,000	0.34	123,500
1997	430,000	0.35	150,000	45,000	0.23	10,500	475,000	0.34	160,500
Beaufor Mine (Louvem's share)									
1998	494,000	0.23	115,500	285,000	0.18	50,000 ¹	779,000	0.21	165,500
1997	418,000	0.24	100,000	18,000	0.22	4,000	436,000	0.24	104,000
Total									
1998	1,713,000	0.23	396,500	1,024,000	0.19	190,500	2,737,000	0.21	587,000
1997	1,852,000	0.24	440,000	780,000	0.20	154,500	2,632,000	0.23	594,500

¹ Represents resources

FRANCOEUR

MINE

Gold
production up,
costs down



The Francoeur Mine covers an area of 890 acres approximately 16 miles west of Rouyn-Noranda in northwestern Quebec. This mining property lies along the Francoeur-Wasa Shear Zone, a branch of the Larder Lake-Cadillac Fault, which is well known in the mining industry.

Since Richmont Mines started development work, the Francoeur Mine has produced nearly 275,000 ounces of gold. Starting in 1993, the ore was trucked 65 miles to the Camflo Mill for processing.

In 1998, the mine produced 162,000 tons of ore grading 0.21 ounces of gold per ton at a recovery of 95.4%. Production for the year totalled 32,500 ounces of gold at a cash cost of US\$219 per ounce, compared to 29,000 ounces at a cash cost of US\$273 the previous year. This 20% reduction in operating costs per ounce was the result of a \$5 per ton decline in operating costs and a 10% improvement in recovered grades.

In 1997, the Francoeur Mine produced 160,000 tons of ore grading 0.19 ounces of gold per ton at a recovery rate of 95.1%. For 1999, Richmont Mines estimates that the Francoeur Mine will produce 27,000 ounces of gold at a cash cost of US\$235 per ounce. This drop in production is the result of transferring some of the workforce to the development of Zone 7.

EXPLORATION AND DEVELOPMENT

Since the Francoeur Mine began commercial production in 1991, Richmont's exploration programs have resulted in the constant renewal of ore reserves at the mine. In 1991, proven and probable reserves totalled approximately 200,000 ounces of gold. After seven full years of production, reserves are still about the same. In 1997, these exploration programs led to the discovery of a new gold-bearing structure, Zone 7, perpendicular to the Francoeur-Wasa Shear Zone. This zone dips to the south while the main structure



dips to the north, indicating good potential for the discovery of other subparallel structures. Following the discovery of Zone 7, a major development program was undertaken in 1998. Rehabilitation work was done in Shaft 6, access drifting and infill drilling commenced on levels 4, 6 and 7. This work will continue in 1999, and the first tons of production should be available near year end. Since this zone dips steeply, it will be mined using the long-hole mining method, which is the lowest cost method that can be used at the Francoeur Mine.

As at December 31, 1998, proven and probable reserves at the Francoeur Mine were estimated at 868,000 tons grading 0.19 ounces of gold per ton, equivalent to 161,000 ounces of gold. Possible reserves amount to 722,000 tons grading 0.19 ounces per ton for a total of 137,000 ounces. With the development of Zone 7, it is expected that a substantial percentage of the possible reserves will be converted into proven and probable reserves during 1999.

For 1999, the objective of the exploration drilling will be to discover other ore zones subparallel to Zone 7.

HUMAN RESOURCES

The Company considers safety to be of the utmost importance. All year round, a health and safety committee monitors numerous activities related to maintaining a safe work environment. Two teams of workers have racked up 100,000 and 50,000 accident-free hours respectively. Also in 1998, Francoeur's mine rescue team ranked first in its division in the annual mining safety competition. The same team received an award as the second-best team in Quebec during the provincial competition held in the Cité de l'Or in Val d'Or.



A driller in action

Production data	1998		1997		1996		1995		1994	
Tons	162,000		160,000		163,000		169,000		193,000	
Grade	0.21		0.19		0.20		0.19		0.20	
Recovery (%)	95.4		95.1		93.9		93.0		94.7	
Ounces of gold	32,500		29,000		30,100		29,500		36,400	
Production costs per ounce	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$
Cash cost	325	219	378	273	375	275	374	273	358	262
Depreciation and depletion	58	39	53	38	46	34	58	42	29	21
Total cost	383	258	431	311	421	309	432	315	387	283
Number of employees	95		94		95		96		96	



*Francoeur Mine
award-winning
mine rescue team*

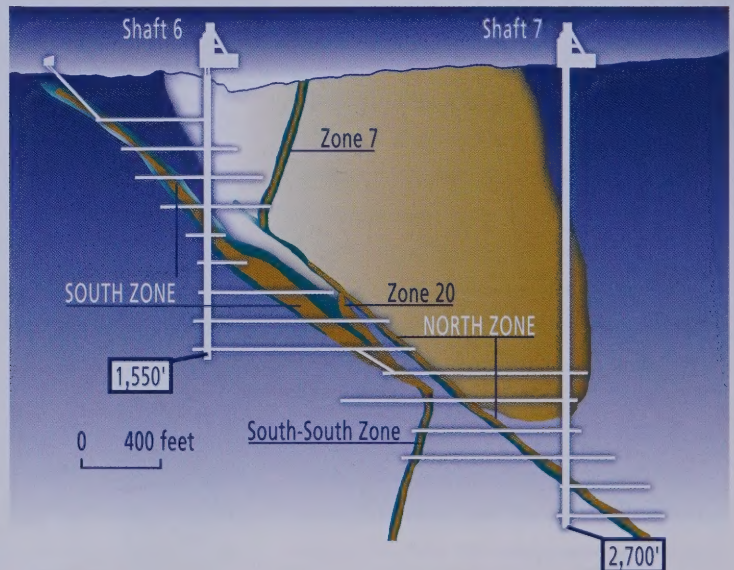
On the training front, a total of \$70,000 was invested and shared between the Francoeur Mine and the Camflo Mill. Also, in cooperation with the school board, three on-site training sessions were held at the Francoeur Mine, which means that 24 students are now trained and ready to enter the job market.

Richmont Mines had a three-year collective agreement with its unionized employees which was scheduled to expire on December 31, 1999. In early 1999, this agreement was extended to the end of December 2002.

OTHER PROPERTIES LOCATED NEAR THE FRANCOEUR MINE

Richmont Mines owns several properties totalling 2,000 acres covering a six-mile distance along the Francoeur-Wasa Shear Zone. Less than three miles south of the Francoeur Mine lies the Lac Fortune property, containing reserves of 247,000 tons at an average grade of 0.16 ounces of gold per ton. The other properties, the Arncoeur and Wasamac, lie near the Larder Lake-Cadillac Fault and remain in the Company's portfolio due to their potential. In view of the low price of gold, no major work was carried out on these properties in 1998 or is planned for 1999.

Cross Section



NUGGET POND

MINE



The Nugget Pond Mine is located near Baie Verte in northeastern Newfoundland. Its acquisition, development and construction represented an investment of \$27 million. Commercial production began April 1, 1997, only ten months after the feasibility study was approved.

In 1998, its first full year of production, the mine produced 44,000 ounces of gold at a cash cost of US\$144 per ounce; in nine months of production in 1997, it produced 34,800 ounces at a cash cost of US\$149. Given the fact that the ore graded 15% lower than in 1997, keeping the operating costs so low was a significant achievement. This year, 139,000 tons of ore were mined at Nugget Pond grading 0.32 ounces per ton with a recovery of 98.0%, while production in 1997, again for nine months, was 94,000 tons grading 0.38 ounces per ton with a recovery of 97.3%. Richmont Mines estimates that the

Nugget Pond Mine will produce 47,000 ounces of gold at a cash cost of US\$140 per ounce in 1999.

EXPLORATION AND DEVELOPMENT

The Nugget Pond property covers an area of 4,870 acres and is easily accessible by a three-mile road linking the site to Highway 416, near the town of Snook's Arm. The ore deposit lies in a sedimentary rock sequence called the Nugget Pond Horizon. This deposit consists of three distinct ore zones, which are accessed by a ramp reaching a vertical depth of 600 feet.

The mining method used at the Nugget Pond Mine is mechanized cut-and-fill, whereby the ore is removed immediately after blasting and the openings created by mining are filled.

Efficient

gold production

and a remarkable

safety record

NUGGET POND MINE



*Magnificent icebergs
off the east coast
of Newfoundland
near the mine*

The mine site houses a 385-ton-per-day capacity mill that could eventually perform custom milling as it is the only gold processing facility on the island of Newfoundland. With a recovery of 98% in 1998, the mill is operated very efficiently.

The life of the Nugget Pond reserves is expected to be at least three years. To renew these reserves, Richmond Mines intends to intensify its exploration activities, acquire neighboring properties and form joint ventures.

In 1998, a total of \$409,211 was invested in exploration at the Nugget Pond Mine. Drilling results in the footwall zone of the deposit revealed good grades of ore and some continuity. These results justify continued drilling and mining operations will commence in part of this zone to verify continuity. Reserves of 59,000 tons grading 0.22 ounces of gold per ton were added to the mine's proven and probable reserves.

Following the discovery of a surface anomaly two miles south of the plant, eight holes were drilled in 1998. However, results so far have been disappointing; although the sedimentary horizon and the presence of sulphides were confirmed, no gold of economic value was found.

The access ramp has now been extended to the lowest limit of the known reserves. Therefore, the 1999 exploration program will concentrate on the zones near this new section of the ramp. Infill drilling will be continued to define the known reserves over 40 foot grids. Another drilling program will try to detail the extent of the known zones or discover new ore zones at depth.

As at December 31, 1998, Nugget Pond's gold reserves were estimated to be 368,000 tons grading 0.34 ounces, which represents 123,500 ounces of gold. Since the start of commercial production, the Nugget Pond Mine has replaced 50% of the ounces

Production data	1998		1997	
Tons	139,000		94,000	
Grade	0.32		0.38	
Recovery (%)	98.0		97.3	
Ounces of gold	44,000		34,800	
Production costs per ounce	CAN\$	US\$	CAN\$	US\$
Cash cost	213	144	207	149
Depreciation and depletion	143	96	155	112
Total cost	356	240	362	261
Number of employees	75		71	

produced and the Company plans to continue intensive exploration programs to renew its ore reserves.

ENVIRONMENT

Richmont Mines is deeply committed to respecting government regulations regarding environmental protection. The main environmental issues at the Nugget Pond Mine are tailings disposal and waste water control. Waste rock is recycled and used as underground backfill. In addition, thousands of tons of tailings solids produced by the mining operation undergo cyanide destruction using the Inco process before being discharged into the tailings pond. Based on current known ore reserves, barely 10% of the pond's capacity will be used.

For the first two years of mill operations, the division has maintained a 100% compliance with environmental discharge criteria. Richmont Mines respects its environment

and its objective is to ultimately return the site and watershed to their natural pre-development state.

HUMAN RESOURCES

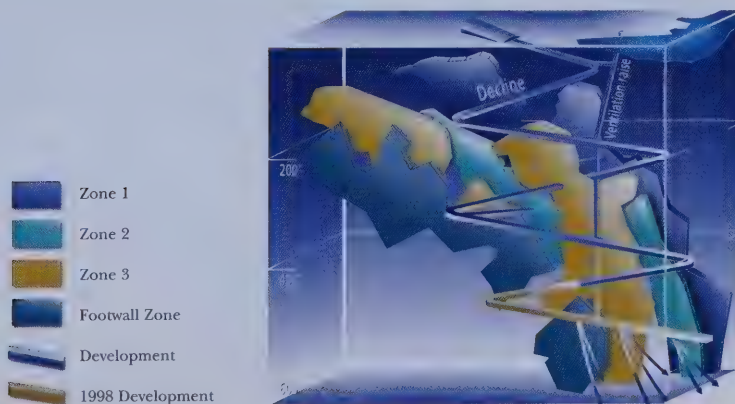
At the Nugget Pond Mine, gold is produced safely and efficiently while protecting the environment. Every worker plays his or her part in achieving these objectives. In January 1999, the Nugget Pond Mine chalked up one year free of accidents with no lost time. Almost the entire workforce at the Nugget Pond Mine is from Newfoundland. Many of the local residents have extensive mining experience.

Richmont Mines considers access to higher education to be of great importance. In 1998, as part of its program to provide financial support to each employee's child attending university on a full time basis, the Company distributed \$1,000 scholarships to thirteen children.



*Recognition
of our commitment
to respect
the environment*

Longitudinal section



CAMFLO

MILL



Record tonnage of ore processed

Strategically located to accept ore from all over the greater Abitibi region, the Camflo Mill processes the production of the Francoeur and Beaufor mines as well as ore from other gold producers. In 1998, the Camflo Mill processed a record 362,000 tons of ore, up from 343,000 tons in 1997. The mill is operating at over 80% of its capacity, and achieved an average recovery of 97.1% versus 96.7% in 1997.

In 1998, the Francoeur Mine shipped 162,000 tons of ore to the Camflo Mill, compared to 160,000 tons the previous year. The Beaufor Mine provided 167,000 tons of ore, up from 131,000 tons in 1997. The other contract clients accounted for 33,000 tons of the ore processed at the Camflo Mill versus 52,000 tons in 1997. The 1999 forecast is for a minimum volume of 350,000 tons of ore to be processed at the Camflo Mill.

Richmont Mines attaches great importance to safety and has some noteworthy results to report in this regard. In 1998, twelve workers at the Camflo Mill marked five years of work without a compensable accident. The workers at the mill have over 170,000 hours without a

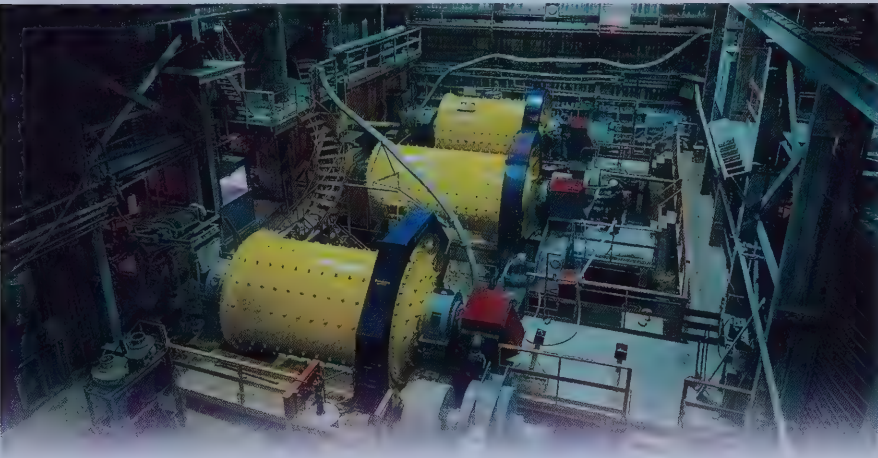


compensable accident. Another item of note was that during the annual meeting of the regional community health center, the Camflo Mill was recognized for the quality of the air in the workplace.

Since acquiring the Camflo Mill in 1993, Richmond Mines has invested in equipment maintenance and in improving processing methods. In 1998, the agitator and air quality control systems were both improved. During 1999, the bulk of the capital budget is slated for the installation of new stainless steel filters.

This investment – in the order of \$300,000 – is designed to reduce filter maintenance costs and to cut down on gold lost in solution.

The environment is one of Richmond Mines’ constant considerations. In all its operations, the Company complies with government regulations designed to preserve the quality of various natural habitats.



Regular equipment maintenance guarantees peak efficiency

Production data	1998	1997	1996	1995	1994
Processed tons	362,000	343,000	323,000	332,000	273,000
Recovery (%)	97.1	96.7	96.0	96.3	95.4
Number of employees	28	27	27	28	25

LOUVEM

M I N E S



**Record
ore production
at better
gold grades**

In May 1997, Richmond Mines undertook a takeover bid by way of exchange. Under the terms of this offer, 8,685,719 shares of Louvem Mines Inc. were tendered. Richmond Mines thus increased its holding in Louvem to 18,147,790 shares or 69.3%, up from 36.1%. Since July 1, 1997, Louvem's financial results have been consolidated with those of Richmond Mines.

The Beaufor Mine, located 16 miles north-east of Val d'Or, is Louvem's core asset. It is held equally by Louvem Mines Inc. and Aurizon Mines Ltd., the mine operator, and has been in commercial production since January 1996. All the production of the Beaufor Mine is processed on a contract basis at Richmond's Camflo Mill.

In 1998, 167,000 tons of ore grading 0.25 ounces of gold per ton were mined at the Beaufor Mine, compared to 131,000 tons at 0.23 ounces per ton the previous year. In 1998, this mine produced 41,200 ounces of gold at a cash cost of US\$223, compared to 29,800 ounces at US\$307 per ounce in 1997. This drop in production costs is attributable primarily to the larger volume of ore mined, access to more extensive ore zones and better ore grades. At 98.8%, gold recovery in 1998 matched the 1997 level. According to

BEAUFOR MINE

the 1999 estimates, Richmond Mines' share of the Beaufor Mine's production will amount to 20,500 ounces of gold at a cash cost of US\$240 per ounce.

Like the Francoeur Mine, the Beaufor Mine has an excellent record in terms of renewing its ore reserves. When it started commercial production in 1996, the Beaufor Mine had proven and probable reserves of 165,000 ounces of gold. After producing 96,000 ounces of gold, the proven and probable reserves as at December 31, 1998, were estimated to be 988,000 tons grading 0.23 ounces per ton for a total of 231,000 ounces of gold. On the same date, the Beaufor Mine had additional resources of 570,000 tons grading 0.18 ounces of gold per ton, equivalent to 100,000 ounces.

Management is confident that the renewal of the Beaufor Mine's reserves should continue as the result of exploration and development programs.

In addition to its interest in the Beaufor Mine, Louvem owns other gold properties in the Val d'Or area. However, in view of the low price of gold, no exploration work was carried out on these properties in 1998 or is planned for 1999.

Production data	1998		1997	
Tons	83,500		41,000	
Grade	0.25		0.23	
Recovery (%)	98.8		98.8	
Ounces of gold	20,600		9,000	
Production costs per ounce	CAN\$	US\$	CAN\$	US\$
Cash cost	330	223	425	307
Depreciation and depletion	33	22	38	27
Total cost	363	245	463	334
Number of employees	86		81	

QUARTERLY

REVIEW

	Quarter				Year 1998					
	1st	2nd	3rd	4th						
Key financial data (thousands of CAN\$)										
Total revenues	11,961	12,851	12,073	10,928	47,813					
Operating costs	6,445	6,323	6,358	6,977	26,103					
Transportation and refining	475	519	454	447	1,895					
Royalties	142	149	148	99	538					
Administration	318	449	237	270	1,274					
Capital tax	62	144	(66)	(45)	95					
Foreign exchange loss	94	137	—	510	741					
Interest on long-term debt	200	169	138	252	759					
Evaluation of projects	34	15	115	41	205					
Depreciation and depletion	2,660	2,494	2,442	2,198	9,794					
Mining and income taxes	525	997	624	115	2,261					
Minority interest	44	50	232	(38)	288					
Net earnings	962	1,405	1,391	102	3,860					
Cash flow from operations	4,954	4,962	3,990	2,946	16,852					
Cash and equivalents	13,158	15,215	16,549	12,962	12,962					
Working capital	8,436	10,365	12,189	12,705	12,705					
Long-term debt	7,454	5,484	4,594	—	—					
Shareholders' equity	44,268	45,502	46,744	46,594	46,594					
Key per share data (CAN\$)										
Net earnings	0.06	0.09	0.09	0.01	0.25					
Cash flow from operations	0.32	0.32	0.25	0.19	1.08					
Weighted average number of shares outstanding (thousands)	15,694	15,701	15,684	15,665	15,665					
Shares outstanding (thousands)	15,705	15,661	15,620	15,551	15,551					
Key production data (ounces of gold)										
Francoeur Mine	8,000	8,200	7,700	8,600	32,500					
Nugget Pond Mine	11,300	11,500	11,200	10,000	44,000					
Beaufor Mine (consolidated with Richmond)	5,000	4,800	6,400	4,400	20,600					
Total	24,300	24,500	25,300	23,000	97,100					
Key per ounce data										
	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$	CAN\$	US\$
Average exchange rate for 1998	1.00	1.48	1.00	1.48	1.00	1.48	1.00	1.48	1.00	1.48
Selling price	474	320	489	330	450	303	431	291	461	311
Market price	436	294	445	300	429	289	436	294	436	294
Cash cost										
Francoeur Mine	322	217	340	229	320	216	317	214	325	219
Nugget Pond Mine	214	144	198	134	211	142	233	157	213	144
Beaufor Mine (consolidated with Richmond)	325	219	335	226	269	181	418	282	330	223
Weighted average	272	183	272	183	259	175	300	202	275	185
Depreciation and depletion	100	67	84	57	90	61	91	61	91	61
Total cost	372	250	356	240	349	236	391	263	366	246

FINANCIAL REVIEW

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Years ended December 31	1998	1997	1996	1995	1994
Key financial data (thousands of CAN\$)					
Total revenues	47,813	38,736	20,101	20,191	20,643
Operating cash costs	28,536	24,144	13,575	14,073	13,583
Administration	1,274	1,587	1,107	750	884
Interest on long-term debt	759	763	—	—	—
Foreign exchange loss	741	100	87	—	—
Other	300	438	267	147	111
Depreciation and depletion	9,794	8,012	1,736	1,967	1,255
Net earnings	3,860	2,370	2,908	2,871	4,401
Cash flow from operations	16,852	10,221	6,650	3,745	6,405
Net investment	4,527	13,060	18,682	5,524	5,267
Cash and equivalents	12,962	12,286	11,768	11,631	14,047
Working capital	12,705	6,044	9,351	12,985	14,383
Long-term debt	—	10,004	9,594	—	—
Shareholders' equity	46,594	43,208	38,221	32,739	30,505
Key per share data (CAN\$)					
Net earnings	0.25	0.16	0.20	0.20	0.32
Cash flow from operations	1.08	0.68	0.46	0.26	0.46
Weighted average number of shares outstanding (thousands)	15,665	15,094	14,462	14,447	13,776
Shares outstanding (thousands)	15,551	15,674	14,695	14,418	14,522
Key production data (ounces of gold)					
Francoeur Mine	32,500	29,000	30,100	29,500	36,400
Nugget Pond Mine	44,000	34,800	—	—	—
Beaufor Mine (consolidated with Richmond)	20,600	9,000	—	—	—
Total	97,100	72,800	30,100	29,500	36,400
Key per ounce data					
	CAN\$ US\$	CAN\$ US\$	CAN\$ US\$	CAN\$ US\$	CAN\$ US\$
<i>Average exchange rate</i>	<i>0.67 1.00</i>	<i>0.72 1.00</i>	<i>0.73 1.00</i>	<i>0.73 1.00</i>	<i>0.73 1.00</i>
	<i>1.00 1.48</i>	<i>1.00 1.38</i>	<i>1.00 1.36</i>	<i>1.00 1.36</i>	<i>1.00 1.36</i>
Selling price	461 311	490 354	543 398	535 391	506 369
Market price	436 294	460 331	529 388	527 384	525 384
Cash cost					
Francoeur Mine	325 219	378 273	375 275	374 273	358 262
Nugget Pond Mine	213 144	207 149	— —	— —	— —
Beaufor Mine (consolidated with Richmond)	330 223	425 307	— —	— —	— —
Weighted average	275 185	302 218	375 275	374 273	358 262
Depreciation and depletion	91 61	100 72	46 34	58 42	29 21
Total cost	366 246	402 290	421 309	432 315	387 283
Number of employees	292	282	147	137	129

DISCUSSION AND ANALYSIS

There is no doubt that 1998 was a very difficult year for the mining industry in general, and particularly for the gold sector. The price of gold has dropped substantially in recent years as a result of numerous factors outside Richmond Mines' control. During 1998, the average price of gold fell below the US\$300 mark to US\$294 per ounce. By comparison, the average price of gold was US\$331 per ounce in 1997, and US\$388 in 1996. In spite of this very unfavorable condition, Richmond Mines managed to post a profit for the seventh consecutive year. In fact, for the year ended December 31, 1998, the net profit was up 63% to \$3,860,070 or \$0.25 per share, from \$2,370,046 or \$0.16 per share in 1997. Even better news is that cash flow from operations reached a record \$16,851,925 or \$1.08 per share, compared to \$10,220,643 or \$0.68 per share in 1997. At the end of 1998, the Company was in a strong financial position, with no debt, and cash and equivalents amounting to \$13,000,000.

These improved results were generated by a 33% increase in gold production and a 15% reduction in cash cost per ounce. Total gold production rose to 97,100 ounces in 1998 at a cash cost of US\$185 per ounce, compared to 72,800 ounces of gold at US\$218 per ounce in 1997.

Based on the proven and probable reserves at the Francoeur, Nugget Pond and Beaufor mines, and an average price of gold of US\$300, or CAN\$435, Richmond Mines should recover all its investments in each of its producing properties.

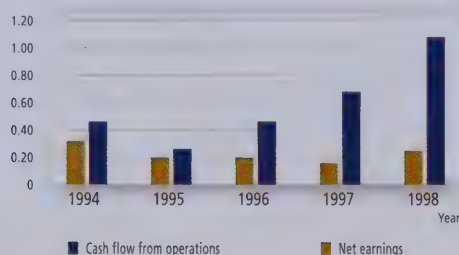
In the following pages, the 1998 financial statements are compared to the 1997 statements. It is important to note two elements that give rise to significant differences between these two years. First, the Nugget Pond Mine was in commercial production for the whole of 1998, compared to only nine months in 1997. Second, the results of Louvem Mines Inc. have been consolidated with those of Richmond Mines since July 1, 1997.

Revenues

Richmont Mines' total revenues for 1998 amounted to \$47,813,296 compared to \$38,736,267 for the year ended December 31, 1997. This increase is directly related to increased gold production which went from 72,800 ounces in 1997 to 97,100 ounces in 1998. Revenues from precious metals were \$44,819,843 versus \$35,680,939 the previous year, despite the fact that the average selling price per ounce of gold went down from US\$354 in 1997 to US\$311 in 1998.

In 1998, the Francoeur Mine produced 32,500 ounces of gold versus 29,000 ounces in 1997. The Nugget Pond Mine produced 44,000 ounces of gold compared to 34,800 ounces during its first nine months of operations in 1997. Through its interest in Louvem Mines Inc., which owns 50% of the Beaufor Mine, a total of 20,600 ounces of gold was added to Richmond's production; Richmond's share of the Beaufor Mine's production for the second half of 1997 was 9,000 ounces. In 1999, Richmond Mines should maintain a similar level of production to that of 1998.

Cash flow & net earnings
(\$ per share)



In spite of a higher processing volume at the Camflo Mill, up from 343,000 tons of ore in 1997 to 362,000 tons in 1998, milling revenues dipped to \$2,336,390 in 1998 from \$2,658,210 in 1997. The reason for this decline is that the share of revenues from Louvem Mines Inc. is eliminated due to consolidation after July 1, 1997. In addition to the volume from the Francoeur and Beaufor mines, the Camflo Mill processed 33,000 tons of ore for contract clients in 1998 compared to 52,000 tons in 1997.

Expenses

Tighter control over operating costs, greater employee awareness and improved productivity are directly related to a significant drop in cash operating costs which went down from US\$218 per ounce in 1997 to US\$185 per ounce in 1998.

Since the start-up of the Nugget Pond Mine on April 1, 1997, Richmond Mines has been paying royalties on gold production and ore processing, which amounted to \$538,324 in 1998 versus \$441,312 in 1997.

Administration expenses were down 20%, from \$1,586,594 in 1997 to \$1,273,823 in 1998. This drop is attributable to a cutback in administrative personnel and to the fact that in 1997 non-recurring expenses, such as the listing of shares on the American Stock Exchange (AMEX) and the independent evaluation of Louvem, were incurred.

Interest charges on the long-term debt were \$759,417 versus \$763,458 in 1997. The average interest rate in 1998 was 7.51% compared to 7.54% in 1997. The balance of the long-term debt was repaid on December 21, 1998. The Company posted a foreign exchange loss of \$741,089 related to the loan repayment, versus \$99,611 in

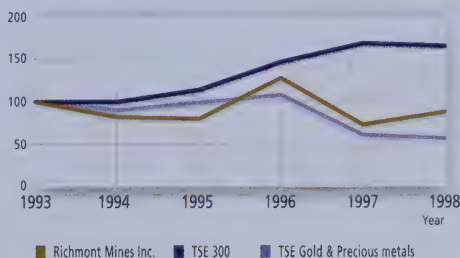
1997. This amount represents the difference between the value of the Canadian and US dollars when the loan was taken out and the dates it was repaid.

During the year, Richmond Mines evaluated several gold projects but was not able to conclude any deals that would have been in the Company's best, long-term interests. Evaluation costs totalled \$204,506 as against \$120,987 in 1997. In 1999, the Company will try to acquire other gold properties to assure its future growth and profitability.

Depreciation and depletion totalled \$9,794,014 in 1998 compared to \$8,011,779 in 1997. The higher figure is due to increased gold production.

The total tax charge for 1998 amounted to \$2,261,028 compared to \$1,354,643 in 1997. This increase is directly related to the Company's profitability as it posted pre-tax earnings of \$6,408,777, up from \$3,692,753 in 1997. This tax charge comprises current income taxes and mining taxes of \$909,310, plus deferred income and mining taxes totalling \$1,351,718 that will become payable at some future, as yet unknown, date. For more details, the reader is referred to Note 12 to the consolidated financial statements.

Cumulative shareholder return (CAN\$)



DISCUSSION AND ANALYSIS

The portion of earnings due to the minority shareholders of Louvem Mines Inc. is \$287,679; the Company's share of Louvem's losses for the last six months of 1997 was \$188,252. To post its share of Louvem's losses prior to July 1, 1997, an amount of \$156,316 was shown on the 1997 statement of earnings. In 1997, Louvem lost \$1,016,225 whereas it posted earnings of \$937,063 in 1998.

In total, the Company's net earnings rose 63% to \$3,860,070 or \$0.25 per share, compared to \$2,370,046 or \$0.16 per share in 1997.

Cash flow from operations

Cash flow from operations continued to show a substantial improvement, reaching \$16,851,925 or \$1.08 per share, up from \$10,220,643 or \$0.68 per share in 1997, a 65% increase. These improved results were generated by increased gold production and a significant reduction in operating costs per ounce.

Investments

Cash and equivalents applied to investments totalled \$4,526,588 in 1998 compared to \$13,059,975 the previous year. With the beginning of development work on Zone 7, investments at the Francoeur Mine amounted to \$2,188,817 versus \$1,741,748 in 1997. The continued development of this zone will provide access to new ore reserves. A total of \$1,285,111 was invested at the Nugget Pond Mine, down from the \$5,936,601 invested in 1997 when the mine was put into production. Investments at the Beaufor Mine were \$773,336, up from \$420,173 in 1997. In the long term, the funds invested in these properties should enable the Company to renew its reserves and extend the life of its mines.

Financing

In September 1996, Richmond Mines borrowed US\$9,000,000 from a Canadian chartered bank. After repaying \$2,748,950 (US\$2,000,000) in 1997, the Company completed the repayment of its long-term debt during 1998, for a total of \$10,396,850 (US\$7,000,000). This strategy was adopted to contain financial costs during a difficult period for the gold mining industry and because the Company could foresee that, after paying off the debt, its cash and equivalents position would stand at \$12,961,777.

Under the terms of the agreement for the acquisition of the Nugget Pond Mine, in January 1998 the Company made the final payment of \$778,000, to cover the difference between the agreed price of \$7 per share and the market price of Richmond's shares at the end of 1997.

Depending upon its financial position and future projects, Richmond Mines has a share buyback plan in effect whereby it can redeem a maximum of 5% of its outstanding shares on the market. Under this plan, the Company invested a total of \$626,385 to redeem 170,500 shares on the market at an average price of \$3.67 per share. In 1997, 45,000 shares were redeemed at an average price of \$3.13 per share.

Given all of the above, a total of \$11,649,555 was applied to financing activities in 1998, whereas in 1997 the Company received \$3,357,135 from its financing activities.

Cash and equivalents

During the year, the cash flow from operations generated sufficient funds to invest \$4,526,588 in the Company's properties and to pay off the long-term debt of \$10,396,850. By year end, cash and equivalents had increased by

\$675,782 to reach \$12,961,777, similar to the \$12,285,995 figure at the end of fiscal 1997.

BALANCE SHEET

Assets

At \$16,353,135, total current assets at December 31, 1998, showed very little change from the 1997 figure of \$16,617,579. The value of fixed assets declined from \$39,622,765 in 1997 to \$34,032,040 at the end of 1998. This change was the result of substantial depreciation expenses of \$9,794,014 and of \$4,493,644 in investments. At December 31, 1998, Richmond Mines' total assets were evaluated at \$58,166,658, compared to \$64,382,539 in 1997.

Liabilities

The full repayment of the long-term debt is the main reason for the substantial reduction in the Company's short- and long-term liabilities. Richmond Mines' total liabilities dropped by nearly 50%, from \$21,174,074 in 1997 to \$11,572,828 at December 31, 1998.

Total short-term liabilities also decreased significantly to \$3,648,316 at the end of 1998, down from \$10,573,717 in 1997, which included the current portion of the long-term debt evaluated at \$5,689,158 at December 31, 1997. In addition, the long-term portion of this debt, namely \$4,315,242, has been completely repaid.

Since receiving the Minister of the Environment's approval in 1997 for its site restoration plans, Richmond Mines maintains a provision of \$1,500,000 on its balance sheet to cover the estimated total net costs for complete restoration of the mining sites.

Minority interest, which represents the share of the net assets of Louvem Mines Inc. owned by its minority shareholders, is estimated to be \$1,635,215, compared to \$1,347,536 in 1997.

Shareholders' Equity

Taking into account the 47,400 common shares issued by exercising the option granted to its employees and the 170,500 shares the Company bought back on the market, the net capital stock decreased by \$130,840 during fiscal 1998. However, as a reflection of Richmond Mines' profitability, retained earnings continued to rise, reaching \$20,799,102 compared to \$17,282,897 at December 31, 1997.

HEDGING

In order to maintain a certain level of profitability, Richmond Mines practices a policy of hedging gold and US dollars. All such policies are approved by the Company's Board of Directors. In 1998, the forward sale of gold contracts generated a premium of US\$17 per ounce of gold over the market price. In 1997, the premium was US\$23 per ounce.

Hedging position at the end of 1998

Gold	Ounces	Average price
1999		
Forward	9,000	US\$294
US Dollars	Amount	Average exchange rate
Forward		
1999	\$21,000,000	1.3746
2000	\$3,000,000	1.5431

DISCUSSION AND ANALYSIS

Since it considered the market price of gold to be unattractive, the Company decided not to use forward sale contracts for most of its 1999 production. Its gold hedging positions represent about 10% of its 1999 production, namely 9,000 ounces of gold at an average price of US\$294 per ounce. At December 31, 1998, the fair market value of these financial instruments was estimated to be \$55,600 compared to \$5,460,000 in 1997.

At the end of 1998, Richmond Mines had also hedged the US exchange rate for a total of US\$24,000,000 at an average rate of 1.3957, compared to US\$41,500,000 at an average rate of 1.3436 at December 31, 1997. The US dollar hedging position breaks down as follows: US\$21,000,000 at 1.3746 for 1999 and US\$3,000,000 at 1.5431 for 2000. The fair market value of these financial instruments at December 31, 1998 was (\$3,186,867) compared to (\$3,192,454) in 1997.

Financial derivatives are used only in accordance with the Company's hedging policy, and not for speculative purposes.

Commitment to its community

Since Richmond Mines considers higher education to be important, the Company offers a \$1,000 scholarship each year for a maximum of five years to all its employees' children registered in a full-time university program. In 1998, the Company distributed \$18,000 in scholarships, up from \$10,000 in 1997.

During the year, Richmond Mines also paid the final instalment on its \$50,000 sponsorship, spread over five years, to the Foundation of the Université du Québec in Abitibi-Témiscamingue. Most of these funds are used in mining research. The Company is also involved in several sports and cultural organizations.

Y2K ISSUE

The Company is in the process of reviewing its computer systems to identify any that could be affected by the transition to the year 2000. The problem is that many computer systems use two digits rather than four to identify the year. Therefore, systems which are date-sensitive may confuse the year 2000

	1998	1997	1996
Gold Hedging (ounces)			
Spot sales	22,100	27,800	6,100
Hedging	75,000	45,000	24,000
Total sales	97,100	72,800	30,100
	US\$	US\$	US\$
Average selling price	311	354	398
Average gold price	294	331	388
Premium per ounce	17	23	10
US Dollar Hedging			
US dollars hedged	27,500,000	26,000,000	18,000,000
Average exchange rate obtained	1.3420	1.3523	1.3799
Average exchange spot rate	1.4831	1.3844	1.3636
Premium (discount) (CAN\$)	(3,880,250)	(834,600)	293,400

with the year 1900, or another date, which generates errors when processing data containing dates in the year 2000. No assurance can be given because the impact of the problems related to transition to the year 2000 will only become apparent on January 1, 2000, or possibly before or after this date.

In 1998, Richmond Mines commissioned a specialized firm to make the necessary corrections to all its computer systems to make them compatible with the year 2000. As at December 31, 1998, this process had been completed for certain modules in its accounting system including the basic system, general ledger, cost control system and payroll system. Corrections to the accounts payable system and other modules should be completed before the end of June 1999.

In terms of operations, a single computer system controls the operations of the Nugget Pond ore processing plant. The supplier has evaluated the system and confirms that only one modification is required, which will be done free of charge before June 30, 1999. In the event of a system failure, the plant can be operated manually.

Hence, the Company does not believe that the transition to the year 2000 will have any serious consequences on its operating systems. It estimates that the costs related to the modifications to the computer systems will be approximately \$50,000 and that they will not have any major impact on its operations, in terms of its results or working capital. However, the Company is still vulnerable to the Y2K problem via its partner companies.

Estimates of the impact of the Y2K bug on Richmond Mines do not take into account the potential costs if its clients and suppliers have not taken their own steps to resolve this

problem. However, the Company has received confirmations from its main suppliers and clients that their computer systems will be year 2000 ready.

OUTLOOK

Canadian companies have until the year 2000 to comply with the new accounting standards approved by the Canadian Institute of Chartered Accountants with regard to the way income tax is accounted for in their financial statements. Richmond Mines does not consider it necessary for the moment to undertake the transition, which requires that prior year adjustments be made. The Company will analyze whether it would be more appropriate to make the changes in 1999 or to wait until the year 2000. However, the new standard in regard to the statement of changes in financial position comes into effect in 1999 because it applies to fiscal years starting on or after August 1, 1998. This presentation is similar to that used in the United States where the main change consists of removing gold bullion awaiting settlements from cash and equivalents.

Over the coming year, Richmond Mines will maintain very tight control over its production costs which it believes is the foundation of a profitable operation. Substantial investments in exploration and in developing its properties in production should enable the Company to renew and even increase its ore reserves in the coming year. The Company will also continue to seek new gold projects to assure its future growth and profitability.

DISCUSSION AND ANALYSIS

SHARE TRADING INFORMATION

At December 31, 1998, Richmond Mines had a total of 15,551,011 outstanding shares and the closing price was \$3.95 per share for a market capitalization of \$61,426,493. At the end of 1997, the estimated market capitalization was

\$51,724,566. Given the difficult situation in the gold industry, Richmond's profitability may well have been a factor in the 20% increase in its stock price during the year.

	1998	1997	1996
Common shares			
Outstanding	15,551,011	15,674,111	14,695,259
Fully diluted	17,337,141	17,338,589	16,147,259
Closing price	\$3.95	\$3.30	\$5.80

	Quarter	Share Volume (000)	High	Low	Close
Toronto Stock Exchange (CANS)					
1998	First	329	4.00	2.75	4.00
	Second	338	4.50	3.50	3.80
	Third	207	3.90	3.50	3.75
	Fourth	454	4.50	3.40	3.95
1997	First	429	7.00	5.00	5.55
	Second	296	5.75	5.00	5.20
	Third	498	5.00	4.40	5.00
	Fourth	600	5.85	2.75	3.30
1996	First	688	5.13	3.60	4.25
	Second	341	5.40	4.30	5.40
	Third	437	5.80	5.05	5.15
	Fourth	268	5.90	4.90	5.75

Montreal Exchange (CANS)

1998	First	179	4.00	2.70	4.00
	Second	195	4.50	3.50	3.75
	Third	231	3.95	3.50	3.70
	Fourth	376	4.70	3.50	3.95
1997	First	311	7.00	5.00	5.55
	Second	462	5.75	5.00	5.05
	Third	409	5.10	4.45	5.05
	Fourth	474	5.90	2.75	3.30
1996	First	1,120	5.13	3.50	4.35
	Second	585	5.30	4.25	5.30
	Third	499	6.00	5.05	5.20
	Fourth	347	5.90	4.75	5.80

American Stock Exchange (AMEX) (US\$)

1998	First	77	2 7/8	2 1/8	2 13/16
	Second	159	3 1/4	2 3/8	2 5/8
	Third	105	2 11/16	2 1/16	2 9/16
	Fourth	266	3 1/4	2 1/16	2 3/8
1997	First	59	5 1/8	4 1/8	4 1/4
	Second	136	4 1/4	3 1/2	3 5/8
	Third	84	3 3/4	3 3/16	3 1/2
	Fourth	156	4 1/8	1 7/8	2 3/8

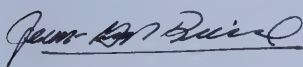
MANAGEMENT'S

REPORT

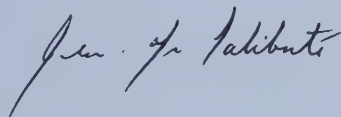
Management of the Company is responsible for preparing the consolidated financial statements and the financial information included in this annual report. The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada. They include the most accurate estimates and opinions that management is able to make based on the information available at the time. The Company maintains a system of internal accounting controls which provides reasonable assurance, on a cost-effective basis, that the financial data are reliable.

The consolidated financial statements have been audited by KPMG LLP, Chartered Accountants. Their report outlines the scope of their examination and expresses an opinion on the consolidated financial statements.

The audit committee and external auditors meet twice a year, with or without management being present, to review the consolidated financial statements and discuss audit-related matters. On the recommendation of the audit committee, the Board of Directors has approved the Company's consolidated financial statements.



Jean-Guy Rivard
President



Jean-Yves Laliberté
Vice President, Finance

AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Richmond Mines Inc. as at December 31, 1998 and 1997 and the consolidated statements of earnings, retained earnings and changes in financial position for each of the years in the three years ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1997 and the results of its operations and the changes in its financial position for each of the years in the three years ended December 31, 1998 in accordance with generally accepted accounting principles.



Chartered Accountants

Rouyn-Noranda, Quebec
January 22, 1999

CONSOLIDATED STATEMENTS

OF EARNINGS

Years ended December 31, (in Canadian dollars)

	1998 \$	1997 \$	1996 \$
Revenues			
Precious metals	44,819,843	35,680,939	16,357,832
Milling	2,336,390	2,658,210	3,085,672
Interest and other	657,063	397,118	657,408
	47,813,296	38,736,267	20,100,912
Expenses			
Operating costs	26,102,714	22,137,024	12,256,147
Transportation and refining	1,895,476	1,565,555	1,318,608
Royalties	538,324	441,312	—
Administration	1,273,823	1,586,594	1,107,455
Capital tax	95,156	317,194	157,521
Foreign exchange loss	741,089	99,611	87,050
Interest on long-term debt	759,417	763,458	—
Evaluation of projects	204,506	120,987	109,830
Depreciation and depletion	9,794,014	8,011,779	1,736,002
	41,404,519	35,043,514	16,772,613
Earnings before undernoted items	6,408,777	3,692,753	3,328,299
Mining and income taxes (note 12)	2,261,028	1,354,643	601,221
	4,147,749	2,338,110	2,727,078
Minority interest	(287,679)	188,252	—
Share in income (loss) of a related company	—	(156,316)	180,762
Net earnings	3,860,070	2,370,046	2,907,840
Earnings per share	0.25	0.16	0.20
Weighted average number of common shares outstanding	15,664,588	15,094,288	14,462,352

CONSOLIDATED STATEMENTS

OF RETAINED EARNINGS

Years ended December 31, (in Canadian dollars)

	1998 \$	1997 \$	1996 \$
Balance, beginning of year	17,282,897	14,980,230	12,072,390
Net earnings	3,860,070	2,370,046	2,907,840
	21,142,967	17,350,276	14,980,230
Redemption of shares (note 6)	(343,865)	(67,379)	—
Balance, end of year	20,799,102	17,282,897	14,980,230

See accompanying notes to consolidated financial statements.

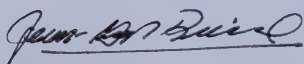
CONSOLIDATED BALANCE SHEETS

December 31, (in Canadian dollars)

	1998 \$	1997 \$
Assets		
Current assets		
Cash	3,264,470	6,670,541
Short-term investments	6,150,138	2,087,590
Gold bullion awaiting settlement	3,547,169	3,527,864
Accounts receivable	1,074,073	1,411,913
Supply inventories	1,266,957	1,486,304
Ore inventories	881,402	1,288,660
Prepaid expenses	168,926	144,707
	16,353,135	16,617,579
Fixed assets (note 3)	34,032,040	39,622,765
Deferred expenditures	7,781,483	7,793,556
Deferred exchange losses related to long-term debt	—	348,639
	58,166,658	64,382,539
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued charges	3,648,316	4,212,564
Deferred revenue on gold hedging	—	671,995
Current portion of long-term debt (note 4)	—	5,689,158
	3,648,316	10,573,717
Long-term debt (note 4)	—	4,315,242
Provision for site restoration costs (note 5)	1,500,000	1,500,000
Minority interest	1,635,215	1,347,536
Deferred mining and income taxes	4,789,297	3,437,579
	11,572,828	21,174,074
Shareholders' equity		
Capital stock (note 6)		
Authorized:		
Unlimited number of common shares		
Issued and paid:		
December 31, 1998: 15,551,011 (1997: 15,674,111)	25,794,728	25,925,568
Retained earnings	20,799,102	17,282,897
	46,593,830	43,208,465
	58,166,658	64,382,539

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Jean-Guy Rivard
Director



Denis Arcand
Director

CONSOLIDATED STATEMENTS

OF CHANGES IN FINANCIAL POSITION

Years ended December 31, (in Canadian dollars)

	1998 \$	1997 \$	1996 \$
Operations			
Net earnings	3,860,070	2,370,046	2,907,840
Non-cash items:			
Depreciation and depletion	9,794,014	8,011,779	1,736,002
Amortization of deferred foreign exchange loss and financing costs	995,836	185,111	—
Loss (gain) on sales of fixed assets and other	80,625	48,849	(9,099)
Minority interest	287,679	(188,252)	—
Share in loss (income) of a related company	—	156,316	(180,762)
Deferred mining and income taxes	1,351,718	893,290	123,420
	16,369,942	11,477,139	4,577,401
Net change in non-cash working capital items affecting operations	481,983	(1,256,496)	2,072,933
Cash and equivalents from operating activities	16,851,925	10,220,643	6,650,334
Investments			
Francoeur Mine	(2,188,817)	(1,741,748)	(1,524,964)
Nugget Pond Mine	(1,285,111)	(5,936,601)	(17,384,073)
Beaufor Mine	(773,336)	(420,173)	—
Camflo Mill and other investments	(246,380)	(443,256)	(627,751)
Deferred expenditures	(32,944)	(491,445)	(15,648)
Acquisition of a subsidiary net of cash and equivalents	—	(3,376,752)	—
Long-term investments	—	—	1,220,515
Advances to Louvem before acquisition of control	—	(650,000)	(350,000)
Cash and equivalents applied to investing activities	(4,526,588)	(13,059,975)	(18,681,921)
Financing			
Repayment of long-term debt	(10,396,850)	(2,748,950)	—
Due (payment) on acquisition of a property	(778,000)	778,000	—
Issue of common shares	151,680	3,536,149	1,174,515
Redemption of common shares	(626,385)	(140,964)	—
Capital stock to issue (reduction)	—	(778,000)	1,400,000
Long-term debt	—	2,710,900	9,594,200
Cash and equivalents from (applied to) financing activities	(11,649,555)	3,357,135	12,168,715
Increase in cash and equivalents	675,782	517,803	137,128
Cash and equivalents, beginning	12,285,995	11,768,192	11,631,064
Cash and equivalents, end (note 7)	12,961,777	12,285,995	11,768,192
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Taxation	509,907	595,301	280,373
Interest	521,104	906,228	94,154

See accompanying notes to consolidated financial statements.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 1998, 1997 and 1996 (Amounts in the tables are presented in Canadian dollars)

The Company, incorporated under Part 1A of the Quebec Companies Act, is engaged in mining, exploration and development of mining properties, principally gold.

1. Significant accounting policies

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada. As described in note 13, those principles differ in certain material respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with generally accepted accounting principles in the United States. The significant accounting policies followed by the Company are as follows:

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of its subsidiaries, Camflo Mill Inc. (100%) and Louvem Mines Inc. (69.3%).

b) Precious metals recognition

Precious metals revenue, based upon spot metal prices or forward sales contracts, is recorded when gold bullion is produced. Revenue may be subject to adjustment on final settlement to reflect changes in metal market prices.

c) Gold bullion awaiting settlement

Gold bullion awaiting settlement is valued at estimated net realizable value.

d) Inventories

Supply inventories are valued at the lower of average cost and replacement cost.
Ore inventories are valued at the lower of average cost and net realizable value.

e) Investments

Short-term investments are recorded at cost, which approximates market value. They are comprised of highly liquid investments.

f) Fixed assets and deferred expenditures

Direct exploration and development costs are deferred until a decision is made to bring an orebody into production or it is determined that a property is not economically viable. When a project is abandoned, the related costs are charged against current earnings. Deferred costs are reduced by related ore development revenue and subsidies.

When a project is brought into commercial production, it is transferred to fixed assets and is depleted on the units of production method calculated on the proven and probable reserves. Depreciation of buildings and related equipment is calculated using the straight-line method based on their anticipated useful life, which are 10 and 5 years, respectively.

Construction costs include interest on funds borrowed. Upon commencement of commercial production, construction costs are transferred to the various category of buildings and equipment and will be amortized on the same basis as fixed assets.

Mining properties and deferred expenditures are reduced for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. If estimated future cash flows expected to result from the use of the properties and their eventual disposition are less than the carrying amount, then these properties are written down to their estimated recoverable amount determined on a non-discounted basis.

g) Site restoration costs

Estimated future restoration costs relating to the Company's operations are charged against earnings over the economic life of the properties.

h) Deferred mining and income taxes

The Company follows the deferral method of applying the tax allocation basis of accounting for income and mining taxes. Under this method, timing differences between the period when income or expenses are reported for tax purposes and the period when they are recorded in the accounts result in deferred income and/or mining taxes.

i) Foreign currency translation

Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date. Items pertaining to the statement of earnings are translated at the rate of exchange prevailing at the date of the transaction. The gains or losses resulting from the translation are recorded in net earnings, except for unrealized gains or losses from translation of long-term monetary items which are deferred and amortized over their remaining life.

j) Hedging activities

Gains and losses on futures contracts and other instruments that effectively establish prices for future production are not recognized in income until reflected in sales revenue when the related production is delivered.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 1998, 1997 and 1996 (Amounts in the tables are presented in Canadian dollars)

2. Acquisition of a subsidiary

As a result of a public purchase offer, the Company acquired control of Louvem Mines Inc., on July 11, 1997, increasing its ownership from 36.1% to 69.3% of the outstanding shares. Prior to the takeover, Richmond's interest in Louvem was accounted for on the equity basis. Louvem's operating results are included in these consolidated financial statements since July 1st, 1997. The excess of the purchase price over the net book value of the net assets acquired has been allocated to the fixed assets acquired. The acquisition has been accounted for by the purchase method as follows:

Net assets acquired	1997
Working capital	
Cash	\$ 270,793
Gold bullion awaiting settlement	27,267
Non-cash working capital	254,714
	552,774
Fixed assets	3,183,834
Deferred expenditures	2,963,522
Advances to a related company	(1,750,000)
	4,950,130
Participation acquired	33.18 %
	\$ 1,642,453
Excess of purchase price over net book value	2,032,359
	3,674,812
Consideration paid in: – Cash	410,624
– Common shares	3,264,188
	\$ 3,674,812

3. Fixed assets

	1998			1997		
	Cost	Accumulated depreciation and depletion	Net book value	Cost	Accumulated depreciation and depletion	Net book value
	\$	\$	\$	\$	\$	\$
Mining properties	7,787,151	3,042,887	4,744,264	7,792,154	1,598,711	6,193,443
Development costs	23,773,754	8,944,426	14,829,328	20,400,288	5,106,445	15,293,843
Buildings	8,904,809	4,117,808	4,787,001	8,886,491	2,739,788	6,146,703
Equipment	18,862,098	9,190,651	9,671,447	17,859,421	5,870,645	11,988,776
	59,327,812	25,295,772	34,032,040	54,938,354	15,315,589	39,622,765

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 1998, 1997 and 1996 (Amounts in the tables are presented in Canadian dollars)

4. Long-term debt

	1998 \$	1997 \$
Term secured loan (US\$7,000,000) bearing interest at 1% over the prime rate or LIBOR plus 1.75% which during 1998 averaged 7.51% (7.54% in 1997)	—	10,004,400
Current portion	—	5,689,158
	—	4,315,242

The Company also has an available line of credit of \$2,000,000 as at December 31, 1998 bearing interest at prime rate, secured by all its assets, annually renewable.

5. Provision for site restoration costs

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect the public health and the environment.

As at December 31, 1998, the Company has a \$1,500,000 provision to cover known site restoration costs based on management's estimate of such costs. Such estimates are, however, subject to change based on modifications to laws and regulations or as new information becomes available.

6. Capital stock

Authorized: Unlimited number of common shares, no par value

	1998		1997		1996	
	Number of shares	Amount \$	Number of shares	Amount \$	Number of shares	Amount \$
Issued and paid: common shares						
Balance, beginning of year	15,674,111	25,925,568	14,695,259	21,841,004	14,417,759	20,666,489
Issue of shares	—	—	938,504	3,886,188	200,000	1,000,000
Redemption of shares (a)	(170,500)	(282,520)	(45,000)	(73,585)	—	—
Exercise of options (b)	47,400	151,680	85,348	271,961	77,500	174,515
Balance, end of year	15,551,011	25,794,728	15,674,111	25,925,568	14,695,259	21,841,004

a) Redemption of shares

During 1998, the Company redeemed 170,500 common shares (1997: 45,000) for \$626,385 cash (1997: \$140,964). This transaction has reduced retained earnings by \$343,865 (1997: \$67,379).

b) Common share purchase options

Share purchase options on 1,786,130 common shares granted to directors, officers and full-time employees were outstanding as at December 31, 1998, and exercisable at prices varying from \$2.85 to \$6.15 per share for periods up to December 2003.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 1998, 1997 and 1996 (Amounts in the tables are presented in Canadian dollars)

7. Cash and equivalents

	1998 \$	1997 \$	1996 \$
Cash	3,264,470	6,670,541	3,116,277
Short-term investments	6,150,138	2,087,590	6,996,446
Gold bullion awaiting settlement	3,547,169	3,527,864	1,655,469
	12,961,777	12,285,995	11,768,192

8. Commitments

The Company pays a royalty equal to 2% of the ounces of gold produced on the Nugget Pond property and \$1.50 per tonne of ore processed, up to a maximum of 100,000 tonnes per year.

The Company would also be subject to pay royalties if some of its other properties are brought into commercial production.

The Company has posted a letter of credit for \$1,230,000 as security for its site restoration obligations.

9. Related party transactions

Before the acquisition of control, the Company was already related to Louvem Mines Inc., over which it had the ability to exercise significant influence on its operations. On July 11, 1997, the Company increased its ownership from 36.1% to 69.3%. Since that date, transactions between the parties are eliminated on consolidation.

Related party transactions are as follows:

	1998 \$	1997 \$	1996 \$
Louvem (before the acquisition of control):			
Milling from the Beaufor Mine (50%)	—	488,380	967,419
Interest and other	—	186,196	191,612
Salaries and fringe benefits	—	13,517	205,209
Advances to Louvem before acquisition of control	—	650,000	350,000

Those transactions were measured at the exchange amount and were conducted in the normal course of operations.

10. Segments disclosure

The Company operates gold mines on three different sites in Quebec and Newfoundland:

	1998					
	Francoeur	Nugget Pond	Louvem 50 % Beaufor	Corporate	Camflo and consolidation	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Precious metals	14,239,606	19,416,059	9,034,511	2,129,667	—	44,819,843
Milling	—	—	—	—	2,336,390	2,336,390
Interest and other	—	—	—	2,441,557	(1,784,494)	657,063
	14,239,606	19,416,059	9,034,511	4,571,224	551,896	47,813,296
Expenses before depreciation and depletion	11,765,792	11,421,211	7,420,668	1,573,495	(570,661)	31,610,505
Depreciation and depletion	1,886,882	6,312,181	677,850	112,088	805,013	9,794,014
	13,652,674	17,733,392	8,098,518	1,685,583	234,352	41,404,519
Earnings before taxes and other items	586,932	1,682,667	935,993	2,885,641	317,544	6,408,777
Total assets	12,087,542	18,453,225	7,140,293	15,176,375*	5,309,223	58,166,658

* Includes deferred expenditures of \$7,781,483 for properties in exploration

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 1998, 1997 and 1996 (Amounts in the tables are presented in Canadian dollars)

10. Segments disclosure (continued)

	1997					
	Francoeur	Nugget Pond	Louvem 50 % Beaufor	Corporate	Camflo and consolidation	Total
	\$	\$	\$	\$	\$	\$
Revenues						
Precious metals	13,273,415	15,721,263	3,915,010	2,771,251	—	35,680,939
Milling	—	—	—	—	2,658,210	2,658,210
Interest and other	—	—	—	1,953,588	(1,556,470)	397,118
	13,273,415	15,721,263	3,915,010	4,724,839	1,101,740	38,736,267
Expenses before depreciation and depletion	11,994,803	8,459,396	4,198,282	2,318,871	60,383	27,031,735
Depreciation and depletion	1,536,653	5,399,557	338,214	108,600	628,755	8,011,779
	13,531,456	13,858,953	4,536,496	2,427,471	689,138	35,043,514
Earnings before taxes and other items	(258,041)	1,862,310	(621,486)	2,297,368	412,602	3,692,753
Total assets	11,781,677	24,503,301	6,233,466	16,678,584*	5,185,511	64,382,539

* Includes deferred expenditures of \$7,793,556 for properties in exploration

In 1996, the Company had only one segment, since Louvem was acquired in 1997 and Nugget Pond brought into commercial production the same year.

11. Financial instruments and risk management

The nature of the Company's operations in US dollars exposes the Company to fluctuations in foreign currency exchange rates and commodity prices. The Company manages its exposure to these risks through the use of derivative financial instruments and commodity contracts.

The Board of Directors approves all policies concerning the use of derivative financial instruments and commodity contracts. The Company does not hold any financial instruments or derivative financial instruments for trading purposes.

Foreign exchange risk management

The Company realizes a significant portion of its revenues in US dollars and enters into various types of foreign exchange contracts in managing its foreign exchange risk.

Forward exchange contracts	1998		1997	
	Fair value CAN\$	Notional amount US\$	Fair value CAN\$	Notional amount US\$
US dollars maturing in 1999, average rate of 1.3746 (1997, 1.3470)	(3,225,439)	21,000,000	(928,863)	14,000,000
US dollars maturing in 2000, average rate of 1.5431	38,572	3,000,000	—	—
US dollars maturing in 1998, average rate of 1.3420	—	—	(2,263,591)	27,500,000

NOTES

T O C O N S O L I D A T E D F I N A N C I A L S T A T E M E N T S

Years ended December 31, 1998, 1997 and 1996 (Amounts in the tables are presented in Canadian dollars)

11. Financial instruments and risk management (continued)

Commodity price risk management

For its gold production, the Company reduces its price risk through the use of forward sales contracts and put and call options. As at December 31, 1998, under forward sales, the Company hedged a total of 9,000 ounces of gold for 1999. The average price for forward contracts on 9,000 ounces of gold is US\$294.

The fair value of the Company's off-balance sheet financial instruments is based on the notional gain or loss accrued using the market prices on the reporting date. As at December 31, 1998 the value was approximately a gain of \$55,600 (1997, \$5,460,000) for the forward sale contracts and options.

Interest rate risk management

The Company's exposure to interest risk at December 31, 1998, relates to its short-term investments. The Company's short-term investments have a fixed weighted average yield rate of 5.14%. The carrying amount of short-term investments approximates fair value at December 31, 1998.

Credit risk management

Financial instruments that subject the Company to market risk and concentrations of credit risk consist primarily of cash, short-term investments and accounts receivable, forward contracts and option contracts for currencies and gold. The Company places its cash and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations, and limits the amount of credit exposure by diversifying its holdings. The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its currency and metal forward and option contracts. The Company does not obtain any security to support financial instruments subject to credit risk but mitigates this risk by dealing only with a diverse group of financially sound counterparties and, accordingly, does not anticipate loss for non-performance. The Company continually monitors the market risk of its hedging activities.

12. Income taxes and mining taxes

The provision for income and mining taxes differs from the amount that would have resulted from applying federal and provincial statutory income tax rates of 33.15% (1997, 34.33%; 1996, 37.74%) to earnings.

	1998 \$	1997 \$	1996 \$
Earnings before income taxes	6,408,777	3,692,753	3,328,299
Resource allowance	(2,924,668)	(2,173,047)	(901,172)
Depreciation not deductible on purchase price allocation	537,626	357,908	145,828
Tax benefits of losses not recognized	528,354	533,512	—
Utilization of losses carried forward	—	—	(1,992,109)
Non deductible expenses	39,092	133,715	22,927
Other	(181,437)	124,705	—
Earnings for which income tax provision is required	4,407,744	2,669,546	603,773
Income taxes	1,461,167	916,541	227,864
Large corporations tax	95,772	110,117	69,920
Mining duties	704,089	327,985	303,437
Total income and mining tax provision	2,261,028	1,354,643	601,221
Current income and mining taxes	909,310	461,353	477,801
Deferred income and mining taxes	1,351,718	893,290	123,420
Total income and mining tax provision	2,261,028	1,354,643	601,221

EDGE program

Pursuant to its investments in the Nugget Pond property the Company has been granted Economic Diversification and Growth Enterprises (EDGE) status by the Government of Newfoundland and Labrador. The Company will benefit from a provincial tax remission for its first 10 years.

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 1998, 1997 and 1996 (Amounts in the tables are presented in Canadian dollars)

13. The effect of applying United States generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

The effect of applying United States generally accepted accounting principles ("U.S. GAAP") on net earnings is as follows:

	1998 \$	1997 \$	1996 \$
Net earnings for the year, as reported	3,860,070	2,370,046	2,907,840
Add (deduct):			
Additional depreciation due to adoption of asset and liability method of income tax accounting (a)	(188,382)	(127,940)	(26,786)
Differences in deferred income and mining taxes due to adoption of the asset and liability method of income tax accounting (a)	473,956	(116,696)	(358,569)
Deferred exchange gain (loss) on long-term debt net of taxes of \$122,024 (1997: (\$122,024))	226,615	(226,615)	-
Differences in accounting for forward sales of foreign exchange net of taxes of \$77,935 (1997: (\$629,213)), (1996: (\$474,700)) (b)	(126,645)	(1,168,763)	(601,754)
Net earnings and comprehensive income for the year, according to U.S. GAAP	4,245,614	730,032	1,920,731
Earnings per common share, U.S. GAAP	0.27	0.05	0.13

- United States accounting standards for income taxes are set forth in SFAS No. 109. FAS 109 changes the Company's method of accounting for income taxes from the deferred method, as recorded under Canadian accounting principles, to an asset and liability method. Under the asset and liability method of FAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, FAS 109 requires that deferred taxes be recorded with respect to purchase price differences that arise on consolidation, while under Canadian accounting principles these differences are considered permanent in nature and thus not tax effected.
- United States accounting standards prohibit the classification of forward foreign exchange contracts as hedging instruments unless they are matched against specific contracted receipts or obligations of a foreign currency. The Company hedges its exposure to fluctuations of the US dollar in excess of its contracted receipts under its gold forward sales. The fair value of this excess is taken to income under U.S. GAAP.
- Beginning in 1996, United States accounting principles allow, but do not require companies to record compensation cost for stock option plans at fair value. The Company has chosen to continue to account for stock options using the intrinsic value method as permitted under Canadian and United States accounting principles.
- The effect of the application of the above adjustments on the balance sheet of the Company as at December 31, 1998 would be to increase fixed assets by \$773,091 (1997: \$961,473) deferred tax assets by \$531,357 (1997: \$1,693,948) after recording a valuation allowance of \$150,818 (1997: \$249,082), decrease deferred expenses by nil (1997: \$348,639), increase current liabilities by \$2,857,865 (1997: \$2,663,374), decrease the provision for site restoration costs by \$518,925 (1997: \$518,925), increase non-current deferred income and mining tax liabilities by \$3,752,595 (1997: \$5,192,282), and decrease shareholders' equity by \$4,787,087 (1997: \$5,029,949).

NOTES

TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 1998, 1997 and 1996 (Amounts in the tables are presented in Canadian dollars)

13. The effect of applying United States generally accepted accounting principles (continued)

- e) The definition of cash and equivalents under U.S. GAAP does not include gold bullion awaiting settlement or short-term investments with an initial term of greater than 90 days. This, together with the effect of non-cash items, would have the following effect on the consolidated statements of changes in financial position:

	1998 \$	1997 \$	1996 \$
Cash and equivalents, U.S. GAAP, beginning of year	8,758,131	10,112,723	4,198,658
Changes in cash due to U.S. GAAP			
Operating activities on a Canadian basis	16,851,925	10,220,643	6,650,334
Decrease (increase) in gold bullion awaiting settlement	(19,305)	(1,872,395)	(223,063)
Operating activities cash flow, U.S. GAAP	16,832,620	8,348,248	6,427,271
Investing activities on a Canadian basis	(4,526,588)	(13,059,975)	(18,681,921)
Increase (decrease) in short-term investments	(952,023)	—	6,000,000
Acquisition satisfied through share issue	—	3,264,188	2,400,000
Investing activities cash flow, U.S. GAAP	(5,478,611)	(9,795,787)	(10,281,921)
Financing activities on a Canadian basis	(11,649,555)	3,357,135	12,168,715
Acquisition satisfied through share issue	—	(3,264,188)	(2,400,000)
Financing activities cash flow, U.S. GAAP	(11,649,555)	92,947	9,768,715
Cash and equivalents, U.S. GAAP, end of year	8,462,585	8,758,131	10,112,723

14. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

15. Comparative figures

The presentation of certain accounts of the previous years has been changed to conform with the presentation adopted for the current year.

BOARD OF DIRECTORS

AND OFFICERS

BOARD OF DIRECTORS

Jean-Guy Rivard ■

Chairman

Richmont Mines Inc.

Denis Arcand ■

Vice Chairman

Director of various companies

André Y. Fortier, Lawyer □

Director

President, MSV Resources Inc.

Réjean Houle □

Director

Vice President Hockey and General Manager,

The Montreal Canadiens Hockey Club

Jean Depatie, B.A., M.Sc., Geol.

Director

President, Consolidated Gold Hawk Resources Inc.

Gilles Loiselle, PC ■

Director

Advisor to the Chairman of the Board

and Chief Executive Officer,

Power Corporation of Canada

Henri Lanctôt, Lawyer

Secretary

Partner, Lafleur Brown Avocats

□ *Member of the Audit Committee*

■ *Member of the Compensation Committee*

OFFICERS

Jean-Guy Rivard

President and Chief Executive Officer

Jean-Yves Laliberté, CA

Vice President, Finance

Nicole Veilleux, CA

Controller

SHAREHOLDER INFORMATION

Martin Rivard

Investor Relations

OPERATIONS

FRANCOEUR DIVISION

André de Guise, P.Eng.

Manager

Jacques Daigneault, B.Sc. Geol.

Chief Geologist

François Girard, P.Eng.

Chief Engineer

Laurent Chevalier

Chief Accountant

Gaétan Lemaire

Mine Superintendent

Réal Benoît

Safety and Human Resources

Coordinator

NUGGET POND DIVISION

J. Steven McAlpine

Manager

Allan Cramm

Mine Superintendent

Barry Hummer

Mill Superintendent

David Pollard

Exploration Geologist

Gary Burgess

Chief Accountant

Milton Noel

Safety and Human Resources

Coordinator

CAMFLO MILL

Oscar Lafrance

Manager

Réal Lafrenière

Chief Accountant

Richard Nolet

Assistant Superintendent

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that include risks and uncertainties. The factors that could cause actual results to differ materially from those indicated in such forward-looking statements include changes in the prevailing price of gold, the Canadian-US exchange rate, grade of ore mined and unforeseen difficulties in mining operations that could affect revenues and production costs. Other factors such as uncertainties regarding government regulations could also affect the results. Other risks may be detailed from time to time in Richmond Mines Inc.'s periodic reports.



